

Anna Katharina Mangold Do 31 Okt 2013

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Even though it has not been on the agenda during the past electoral campaign in Germany, the crisis in the countries of the Euro area persists. The national crises of Euro countries are an expression of the ongoing global economic crisis. Whether Ireland, Spain, Portugal or Greece, the dramatic developments in these countries which are hit especially hard are particular and local manifestations of a global phenomenon, embedded in the specific socio-historic contexts of each country.

In Greece, Europe's country of concern No. 1, things have developed so dramatically that we have to talk about a constitutional crisis – not only economically but in all aspects of Greek social life. Be it a merciless raging pauperisation of the middle class, at times violent confrontations in the streets of Athens and Salonika, increasingly aggressive and violent racism, the imminent crash of the academic system or the arrest of neonacist "Golden Dawn" MPs which remind the external observer of a *coup d'état* – the crisis has far-reaching consequences. In Greece nothing less is at stake than the functioning of democracy.

Democratisation as Aim of Greece's European Integration

In Greece's modern history, sovereign debt crises have been a recurring problem, the country has gone bankrupt several times already. When Greece joined the European Economic Community (EEC) in 1981, it was not an economically prosperous nation which became tenth member of the EEC. After Papadopoulos' Junta from 1967 until 1974, only slowly did the country recover economically. At that time, the accession to the EEC was a signal for the democratic forces in Greece: Not economic reasons were decisive but support for the still young democracy. (The same is true for Spain and Portugal, both also post-dictatorship countries when acceding to the EEC.) This is easily forgotten when European integration is reduced to a process of mere economic cooperation. In addition, accession to the EEC fostered Greece's commitment to Western Europe – especially important due to the strategic geographical position of Greece, close to Turkey and the Middle East. (Recently, [Ioannis Zelepos](#), professor of Modern Greek at the University of Munich, has explained the historical circumstances in a nuanced [article](#) in German.)

When in the late 1980s the negotiations for a monetary union started that eventually lead to the Eurozone, Greece was not a natural candidate for participation. The balance sheets which Greece sent to Bruxelles had no close resemblance to reality. Already at that time, insiders knew about the precarious financial situation in Greece which was far worse than displayed in the official numbers. Yet, fostering democracy and Greece's commitment to Western Europe remained crucial. Thus, Greece introduced the Euro as its currency. Membership in the Eurozone is now the new context in which the once again arising problem of sovereign debt has to be solved.

Crucial Decisions in Addressing the Financial Crisis in Greece

In addressing the financial crisis in Greece, the Troika (consisting of ECB, IMF and European Commission) and Greek government and parliament took three crucial decisions:

1. Greece remains in the Eurozone.

The first crucial decision was that Greece remained in the Eurozone. This decision is fundamental for the mechanisms which were chosen to address the crisis. "Support mechanisms", not envisaged by the original European Treaties, were established to support those countries most affected by the crisis by way of lending them

money subject to special conditions and/or providing guarantees (the so called “rescue” or “aid packages”). These instruments were to ensure the solvency (in our case: Greece’s) and to prevent a breakdown of the banking system. In this way, an uncontrolled state bankruptcy was prevented which would force Greece to leave the Eurozone.

Before these support mechanisms were implemented and before in September 2012 the ECP decided to provide nearly unlimited guarantees for state securities of Eurozone countries in crisis, experts controversially discussed the question whether a “hard currency” such as the Euro was beneficial for an economically underdeveloped country such as Greece (cf. the extensive debate of several economists in a SOAS-paper, [Lapavistas e.a.](#), esp. p. 72 et seq.). In the end, for Greece to remain in the Eurozone it was determining that the ruling parties refused to even consider the exit option. Even the oppositional leftish party SYRIZA argued that Greece should stay in the Eurozone. This was highly influential to convince the majority of the Greek populace to accept the political decisions.

2. The political elite is not replaced.

All electoral results since the beginning of the crisis show that Greece is to be politically ruled by the very elites which helped to bring about the crisis. Traditionally, Greece’s political elite consists of very few families which dominate the two leading parties, conservative *Nea Demokratia* (ND) and social-democratic PASOK; these few families controlled their parties in a clientèle system, mostly financed by EU money (see again the afore mentioned instructive article by *Zelepou*). This political elite has formed a historically unprecedented Grand Coalition of ND and PASOK. So far, the traditional political personnel has not been replaced.

In the meantime, however, new parties are founded and until then insignificant parties gain influence and votes. Leftish SYRIZA, formerly a small splinter party, is now second strongest party in Greek parliament (26,89 %), with ND leading (29,66 %) and PASOK following (12,28 %). Neonacist “Golden Dawn” (GD) has incredibly gained votes (6,92 %) and has 18 MPs in the current Parliament.

3. A strict policy of austerity

The Troika’s support mechanisms for Greece are tied to conditions commonly known as „policy of austerity“: fiscal austerity, privatisation as well as structural reforms of the labour market and public service. Consecutive Greek crisis governments fulfilled these conditions by way of cutting salaries and pensions of public servants and finally taxing all assets.

These measurements have lead to a vicious circle: limiting expenses and, thus, sovereign debt resulted in reduced state revenues. The private sector, heavily depending on domestic consumption, records substantial losses, again resulting in redundancies, the level of unemployment raises, the great numbers of unemployed people reduce labour costs due to the oversupply in labour, eventually driving down wages in the private sector, too. These developments are accompanied by reforms of labour law, e.g. the dismissal of prior limitations on redundancies and a reduction of minimum wages (cf. critical analysis [here](#)). At the same time, employees in the public sector are dismissed on a massive scale.

On the whole, [labour costs have been sinking in Greece](#) ([economists](#) call this “improved competitiveness”). In the light of this trend, it is no exaggeration to call this Greece’s development towards a “Billiglohnland”, cheap-labour country (what this means in real life, see [here](#)). At the same time, food costs have not shrunk, costs for indispensable services (electricity, public transport) have indeed risen. Consequence is a massive pauperisation of the still relatively young middle class which started to develop only since the end of the civil war, after WW II, in the 1950s.

Despite all efforts, Greece’s government gross debt is still at 156,9 % (percentage of GDP, comparison of countries [here](#)) and the general government deficit with 9,0 % is still far off the Maastricht criteria (comparison of countries [here](#)).

A Radicalised Middle Class in Passive Despair

Until summer 2012, the most important austerity packages and necessary changes in the law were enacted. From the start of the crisis in 2008 until summer 2012, there were many mass demonstrations, places and parks were occupied and general strikes paralysed Greece as a whole. Especially the middle class engaged in these forms of protest. Their motivation was mostly to defend their standard of living against the austerity measures. Police forces took strong and hard action against meetings and demonstrations, the large cities Athens and Salonika turned into contested sites of street battles, civil-war like scenes could be observed.

Politically, however, the protest did not succeed, the political parties did not alter their course and continued to implement the conditions of the Troika. The failure of these protests is closely linked to an inherent contradiction in the political position of the protesters: they demanded conservation of the *status quo* before the crisis, without realising that the crisis had established a completely different situation. This contradiction led to a dual desire, first, to end the austerity regime, and second, to remain within the Eurozone.

The two leading parties ND and PASOK jointly implemented the austerity measures in a Grand Coalition. Large parts of society opposed the austerity regime and, subsequently, the two ruling parties. Voters turned to left or right wing parties advancing more radical ideas. This tendency which is associated with the mass demonstrations and strikes until summer 2012 can be described as “radicalisation” of the Greek middle class.

Fundamental for the formation of a new social reality in Greece, however, remains the decision not to leave the Eurozone. Even though a political radicalisation of the Greek population can be observed, the population has no effective influence on the policy of Greek government – and, most likely, cannot possibly exercise any influence due to the strict conditions imposed on Greece by the Troika. In the end, the political radicalisation of the population cannot put in question the fundamental political choices. In this situation, it is worth noting that no further demonstrations or protests or violence occur. The population in general and, more specifically, the middle class vote radically, yet remain in passive despair. Even though the deep crisis puts in question all societal and political institutions, a radical political new beginning is (yet) not to be seen.

Online-Symposium: Greece in Crisis

At the moment, rapid changes are happening in Greece on a daily, even hourly basis. In such a volatile situation, it is impossible to already provide a final analysis. It is, however, possible and desirable to document the events and provide a preliminary explanation and contextualisation. This is the aim of our online symposium on *Verfassungsblog* in the weeks to come. Greek scholars and practitioners will offer their analyses and shed a light on the crisis in Greece, from constitutional law and political science perspectives, among others.

The contributions will cover three particularly drastic and constitutionally relevant topics: the imminent collapse of the academic system, the events surrounding the neonacist party “Golden Dawn”, and the transformation of labour law which directly affects public servants and is constitutionally questionable.

The *crisis of the academic system* is not only a major threat for control of the government by a critical intellectual public, but also for Greece’s future if the most competent young professionals are forced to emigrate in order to maintain their sustenance. The criminal proceedings against the right wing party “Golden Dawn” are highly questionable under the auspices of rule of law, constitutional guarantees and ethical demands – the continuous state of exception brought about by the crisis becomes tangible. The *reform of labour law* severely cuts employees’ rights and is very problematic under the Greek constitution; the resulting new situation has direct consequences for the Greek public service.

In our view as editors of this online symposium, these topics are of paradigmatic importance for the crisis in Greece. More articles about the current situation in Greece are always welcome!

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